

# **Coal Severance Tax: Current & Historical Perspectives**

**A Presentation to the  
Montana Legislature  
By**

**Terry W. Johnson  
Principal Fiscal Analyst  
Legislative Fiscal Division**

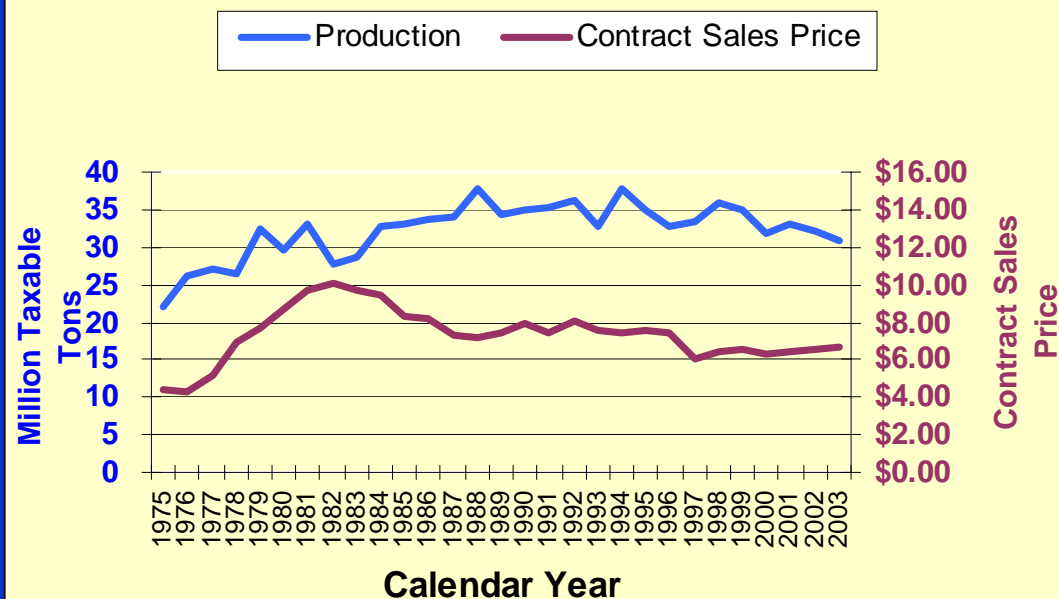
**2005**

# Introduction

- Historical Price and Production
- Historical Tax Revenue & Distributions
- Total Tax Distributions
- Coal Trusts Earnings & Tax Revenue
- Sources of Coal Trusts Earnings
- Total Revenue & Earnings
- Distribution of Coal Trusts Earnings
- Trust Funds Balance
- Coal Severance Tax Distributions

# Price & Production

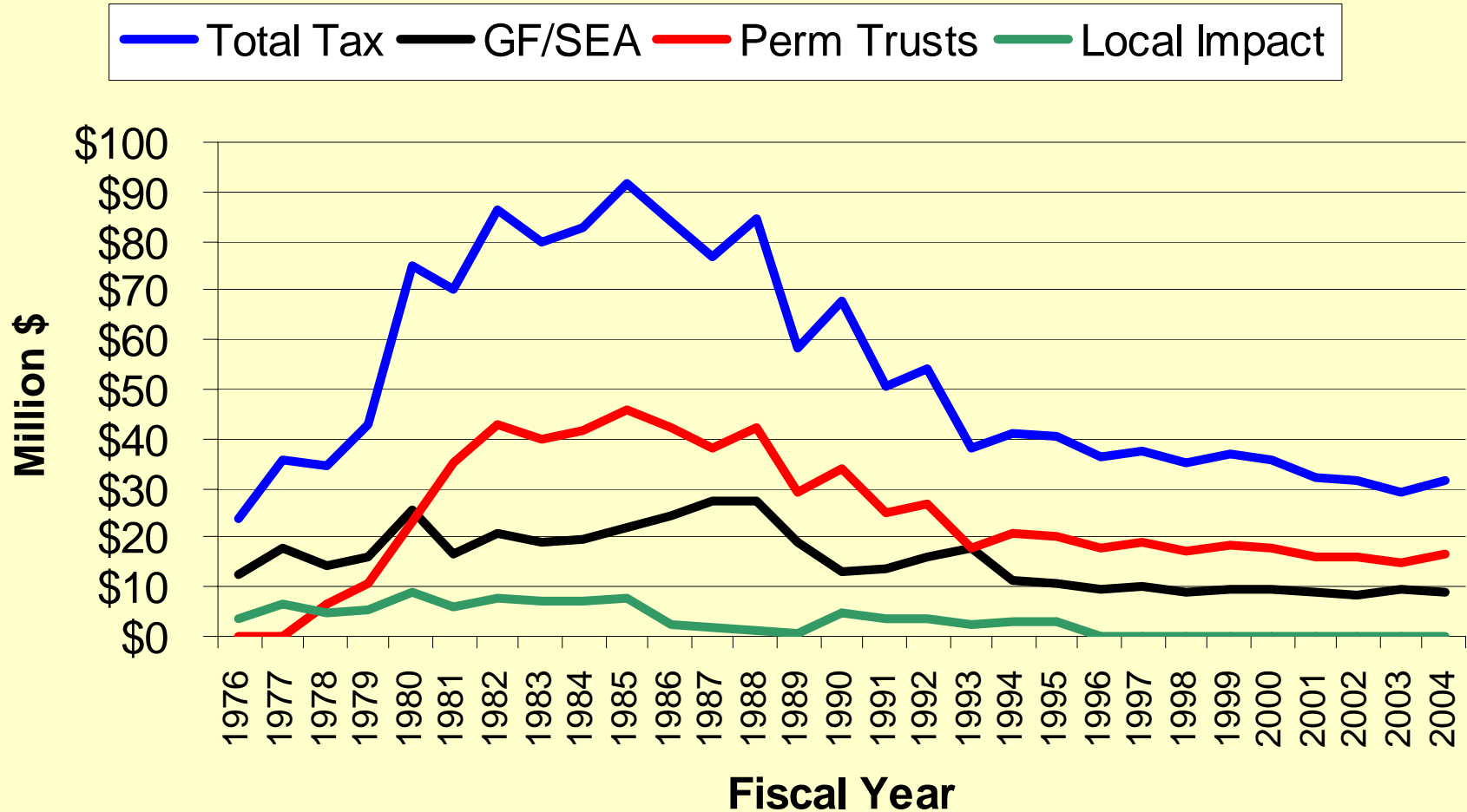
## Coal Production & Price



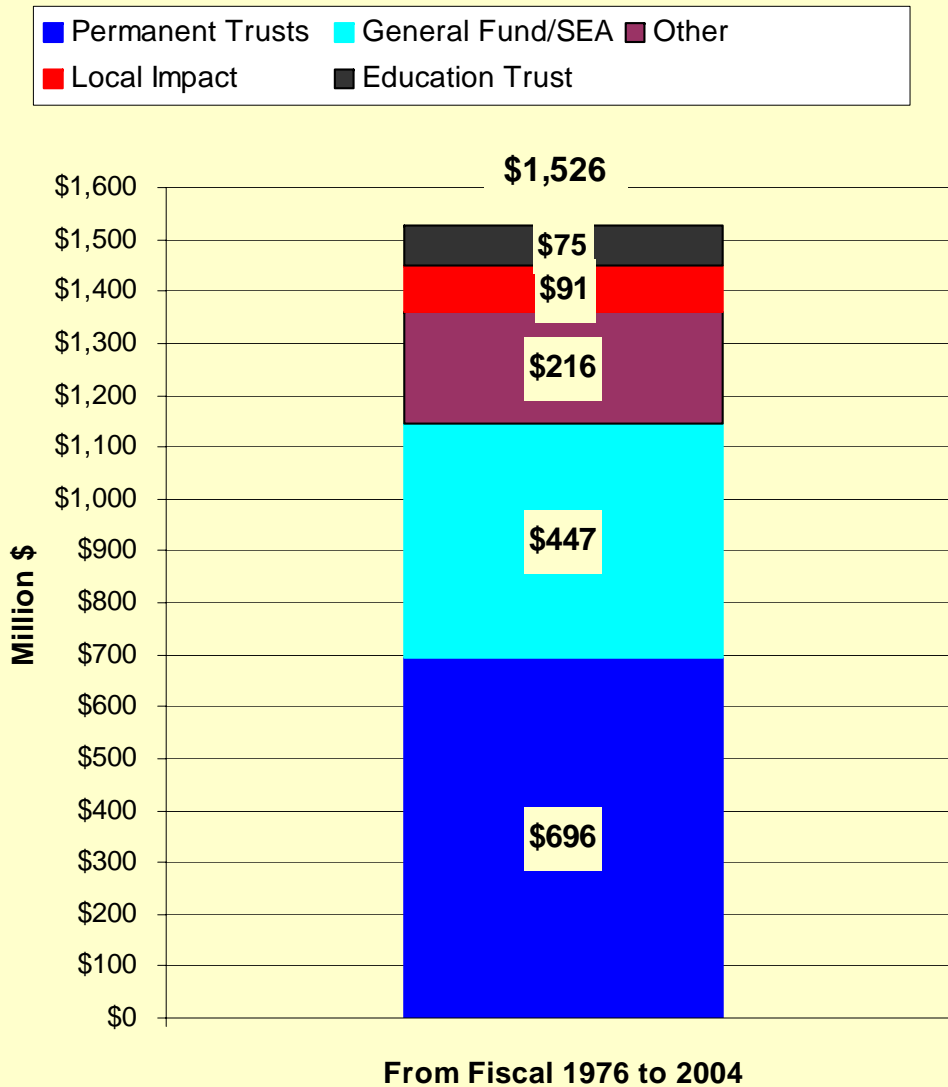
| Calendar Year | Taxable Coal Production<br>Million Tons | Percent Change | Coal Price CSP | Percent Change |
|---------------|---|----------------|----------------|----------------|
| 1975          | 22.076                                  |                | \$4.415        |                |
| 1976          | 26.226                                  | 18.80%         | \$4.344        | -1.60%         |
| 1977          | 27.205                                  | 3.73%          | \$5.154        | 18.63%         |
| 1978          | 26.418                                  | -2.89%         | \$6.951        | 34.87%         |
| 1979          | 32.350                                  | 22.45%         | \$7.724        | 11.12%         |
| 1980          | 29.752                                  | -8.03%         | \$8.686        | 12.46%         |
| 1981          | 33.188                                  | 11.55%         | \$9.673        | 11.37%         |
| 1982          | 27.768                                  | -16.33%        | \$10.065       | 4.04%          |
| 1983          | 28.609                                  | 3.03%          | \$9.650        | -4.12%         |
| 1984          | 32.848                                  | 14.82%         | \$9.464        | -1.92%         |
| 1985          | 33.187                                  | 1.03%          | \$8.326        | -12.03%        |
| 1986          | 33.648                                  | 1.39%          | \$8.147        | -2.15%         |
| 1987          | 34.053                                  | 1.20%          | \$7.347        | -9.82%         |
| 1988          | 37.678                                  | 10.64%         | \$7.209        | -1.88%         |
| 1989          | 34.469                                  | -8.52%         | \$7.484        | 3.82%          |
| 1990          | 34.984                                  | 1.49%          | \$7.913        | 5.73%          |
| 1991          | 35.325                                  | 0.98%          | \$7.415        | -6.29%         |
| 1992          | 36.248                                  | 2.61%          | \$8.014        | 8.08%          |
| 1993          | 32.911                                  | -9.21%         | \$7.597        | -5.20%         |
| 1994          | 37.670                                  | 14.46%         | \$7.430        | -2.20%         |
| 1995          | 35.009                                  | -7.06%         | \$7.539        | 1.46%          |
| 1996          | 32.617                                  | -6.83%         | \$7.444        | -1.26%         |
| 1997          | 33.266                                  | 1.99%          | \$6.001        | -19.38%        |
| 1998          | 35.945                                  | 8.06%          | \$6.467        | 7.77%          |
| 1999          | 35.039                                  | -2.52%         | \$6.588        | 1.87%          |
| 2000          | 31.784                                  | -9.29%         | \$6.267        | -4.88%         |
| 2001          | 32.961                                  | 3.70%          | \$6.461        | 3.09%          |
| 2002          | 31.981                                  | -2.97%         | \$6.583        | 1.90%          |
| 2003          | 30.802                                  | -3.69%         | \$6.681        | 1.48%          |
| Average       | 32.641                                  |                | \$7.346        |                |

CSP = Contract sales price

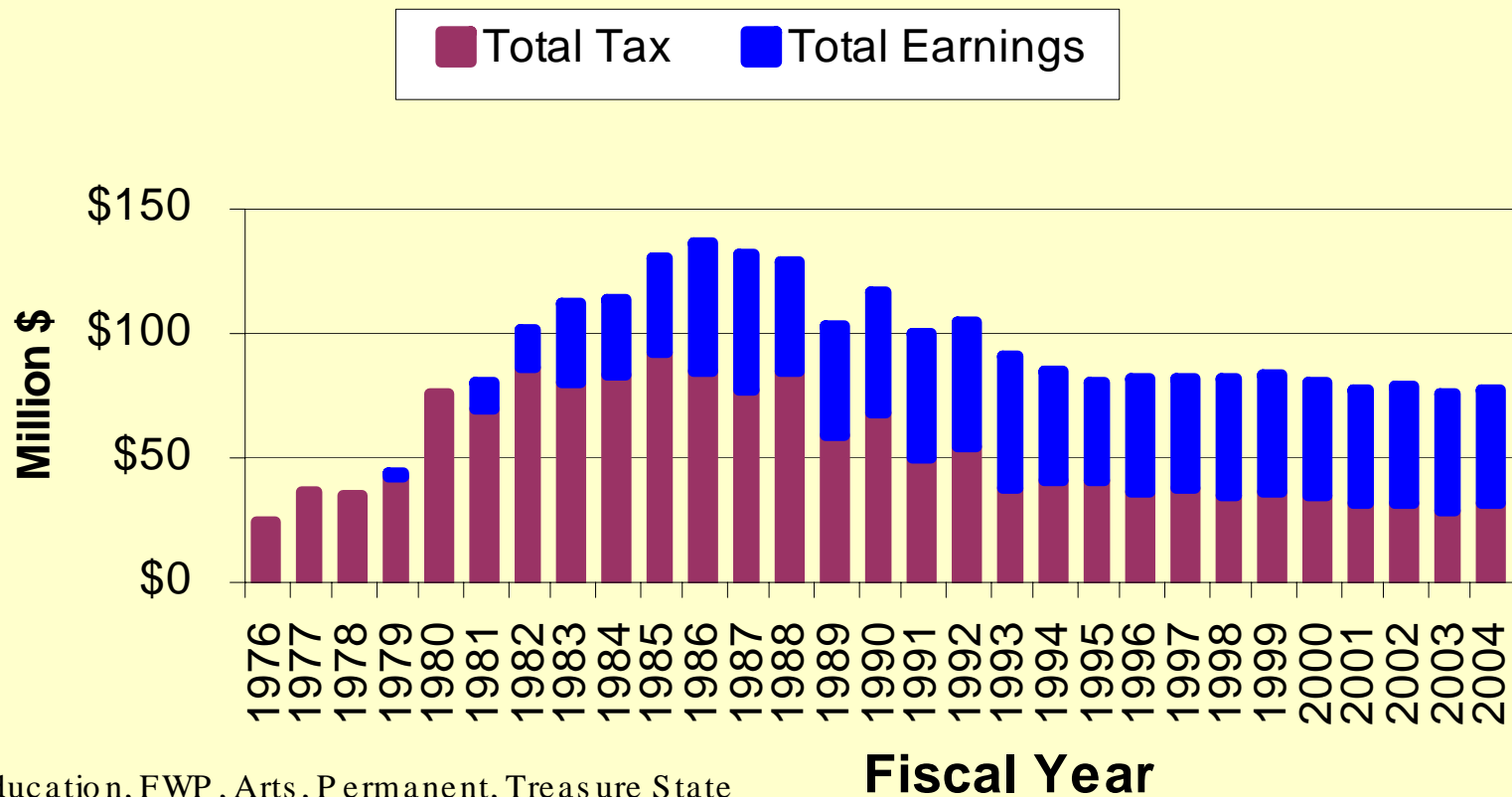
# Coal Severance Tax Revenue



## Cumulative Coal Severance Tax Revenue

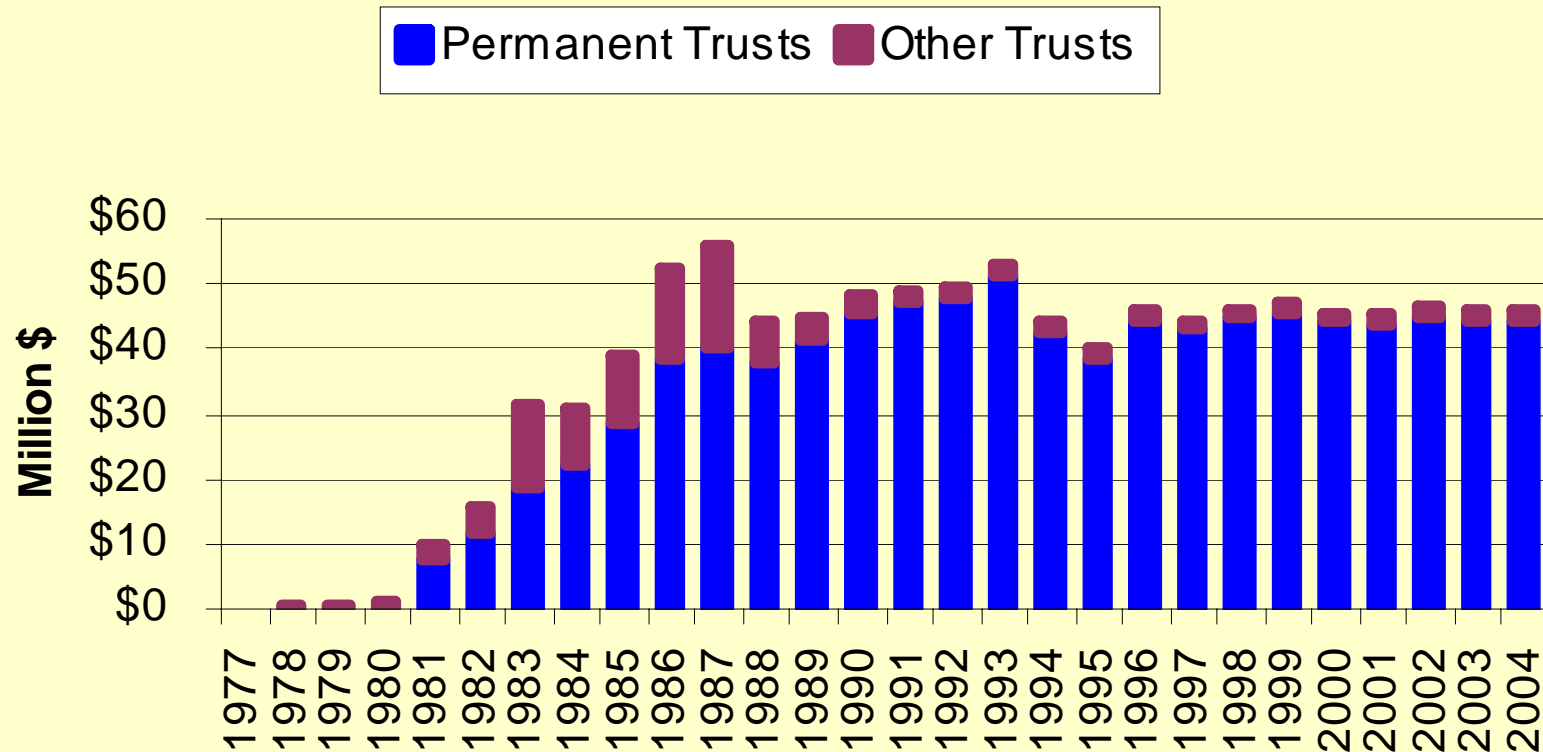


## Coal Trusts\* Earnings and Severance Tax Revenue



\*Education, FWP, Arts, Permanent, Treasure State  
Endowment, Treasure State Endowment Regional Water

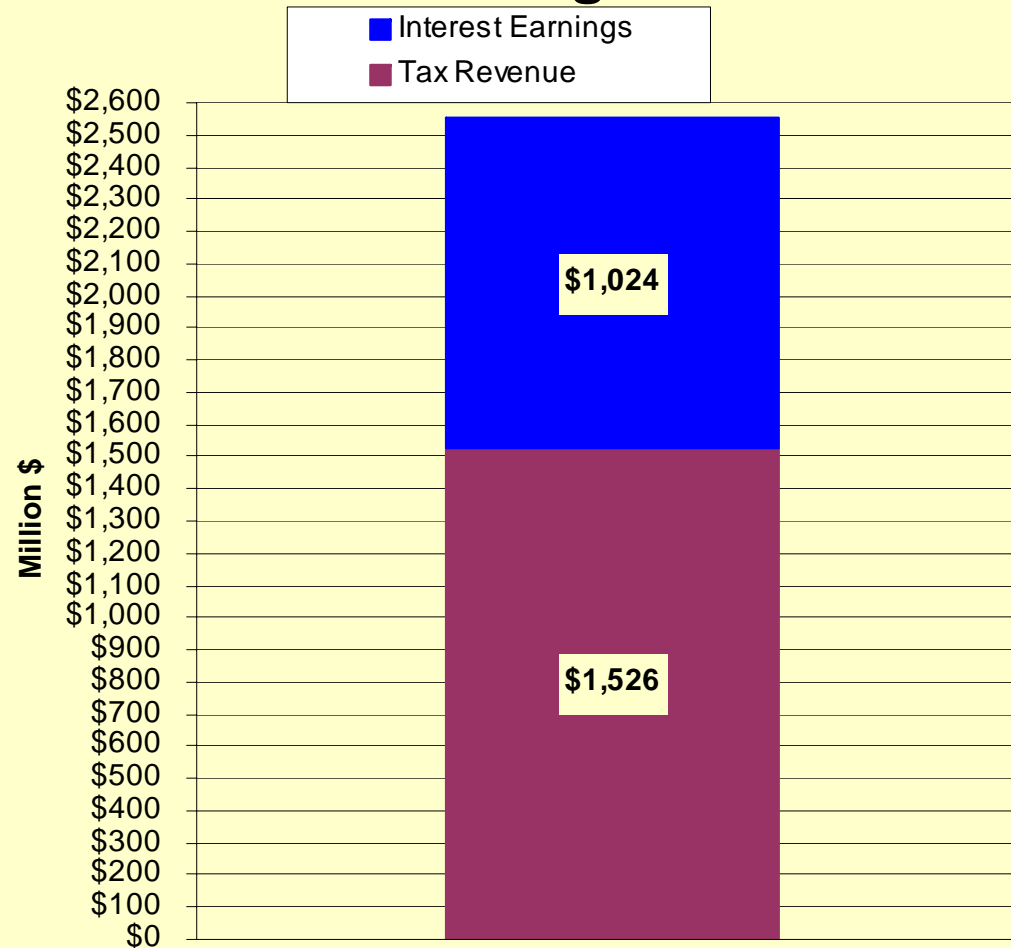
# Source of Coal Trusts Earnings



\*Note: Permanent trusts are Permanent, Treasure State Endowment, Treasure State Endowment Regional Water. Other trust are Education, FWP, Arts

Fiscal Year

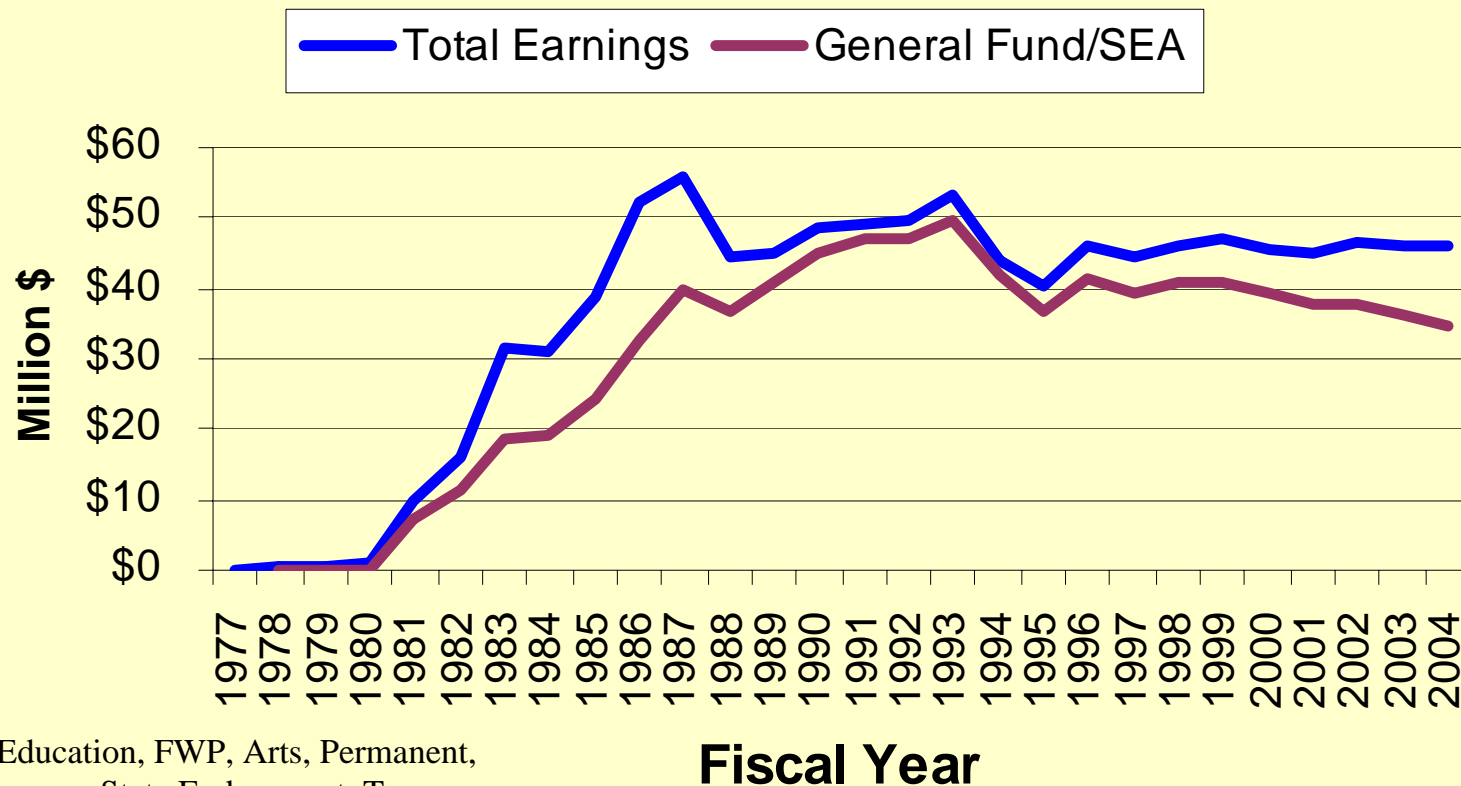
## Cumulative Coal Severance Tax Revenue and Interest Earnings



From Fiscal 1976 to 2004

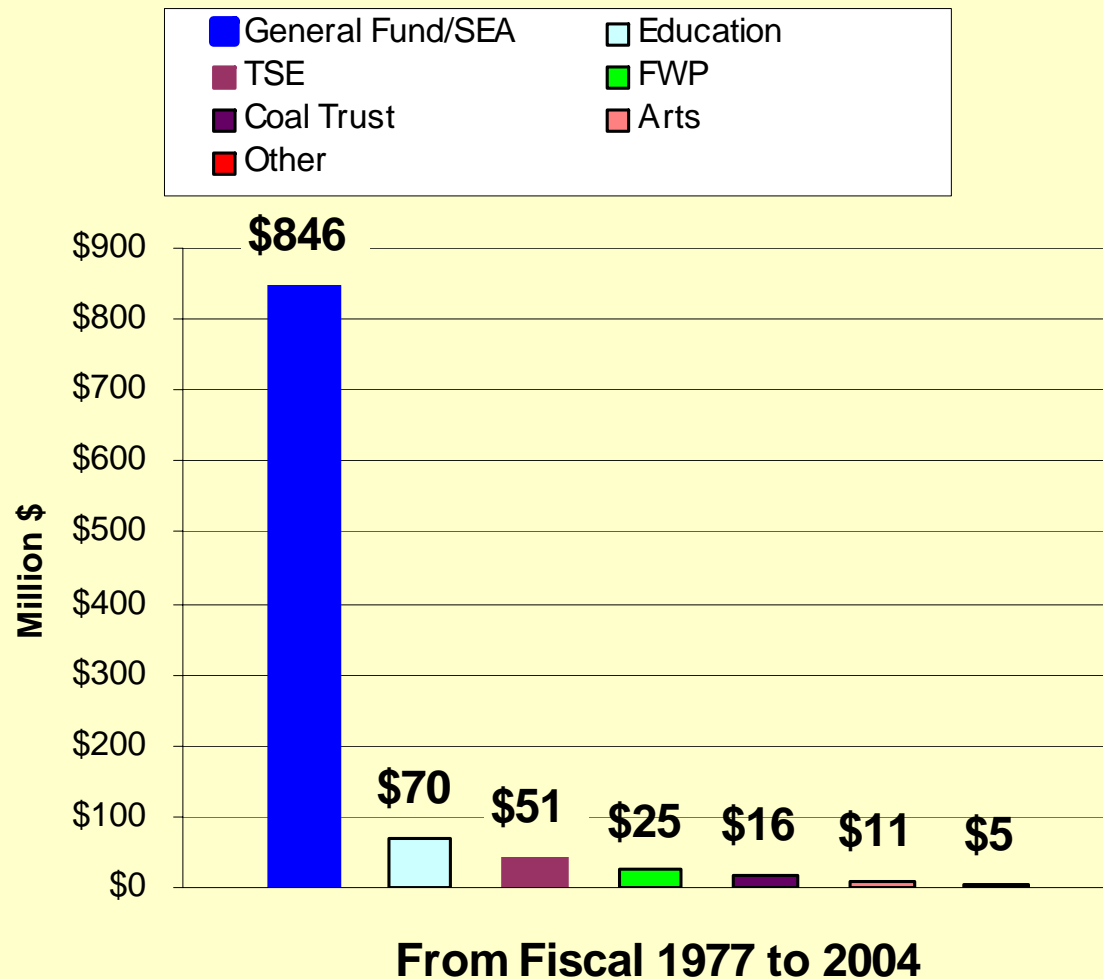


## Distribution of Coal Trusts\* Earnings



\* Education, FWP, Arts, Permanent,  
Treasure State Endowment, Treasure  
State Endowment Regional Water

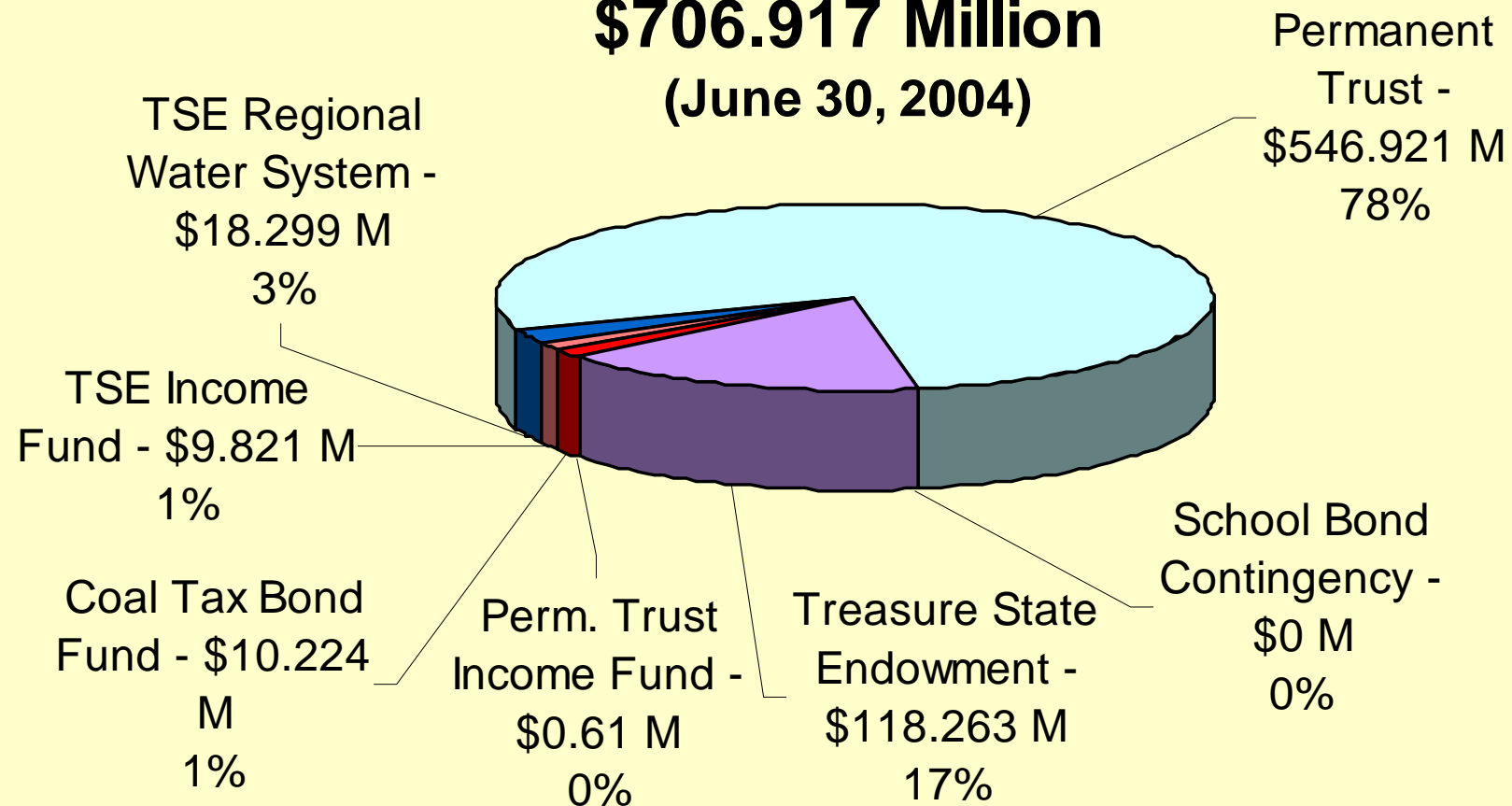
## Distribution of Coal Trusts Earnings



## Coal Severance Tax Trust Fund Balance

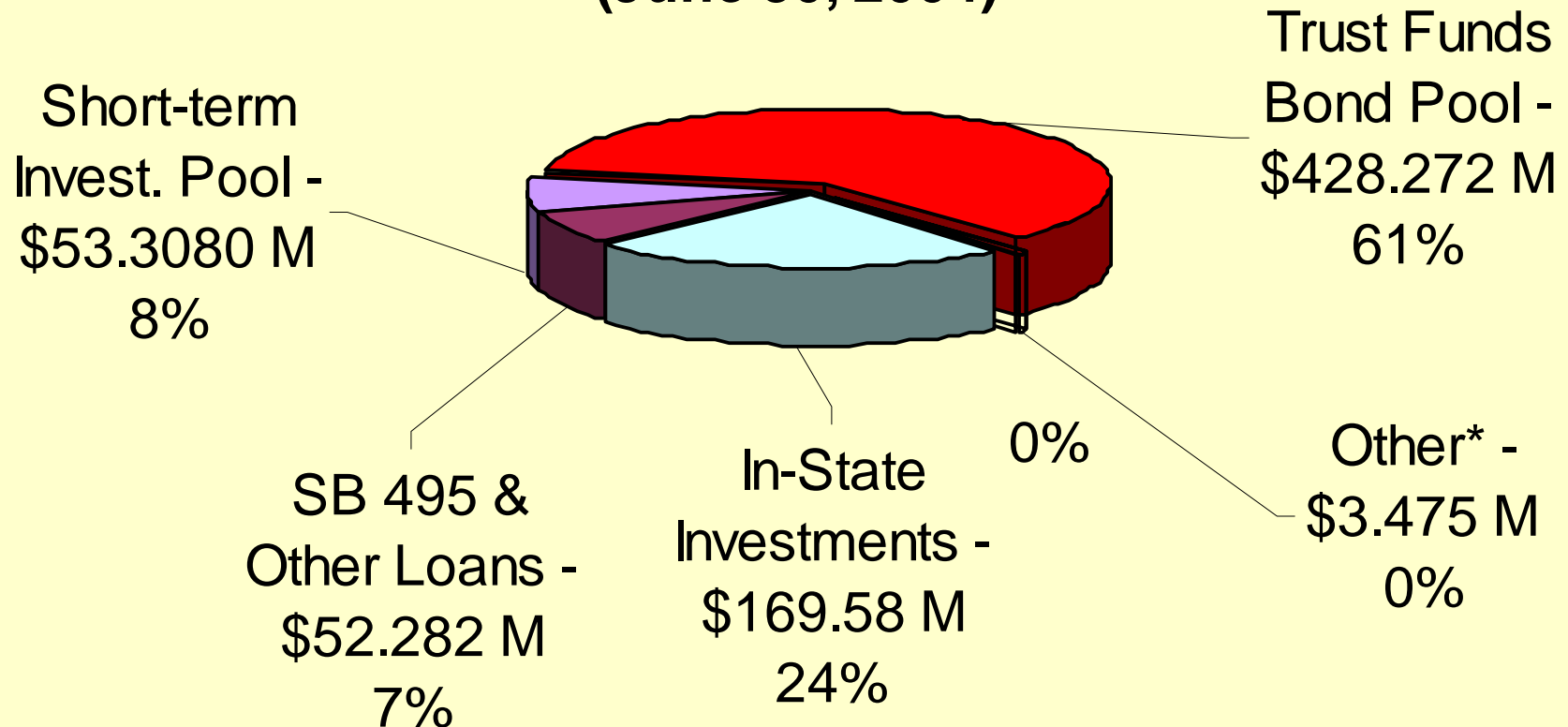
**\$706.917 Million**

**(June 30, 2004)**



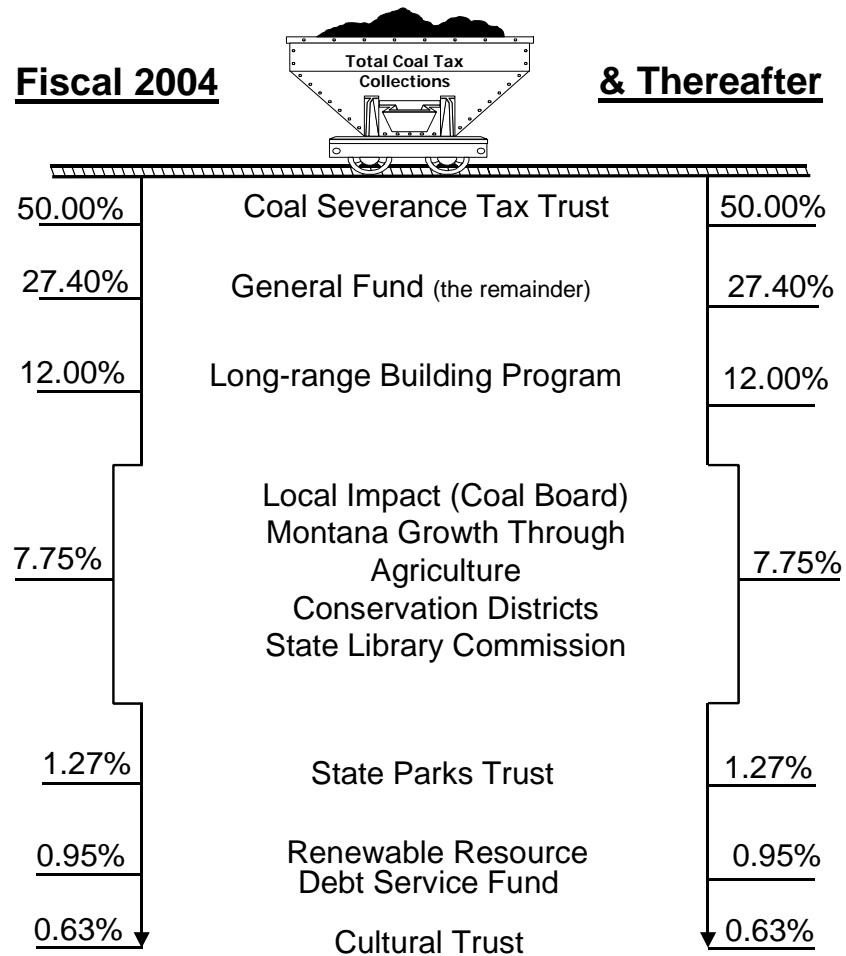
## Coal Severance Tax Trust Fund Investments - \$706.917 Million

(June 30, 2004)



\* Receivables, Payables

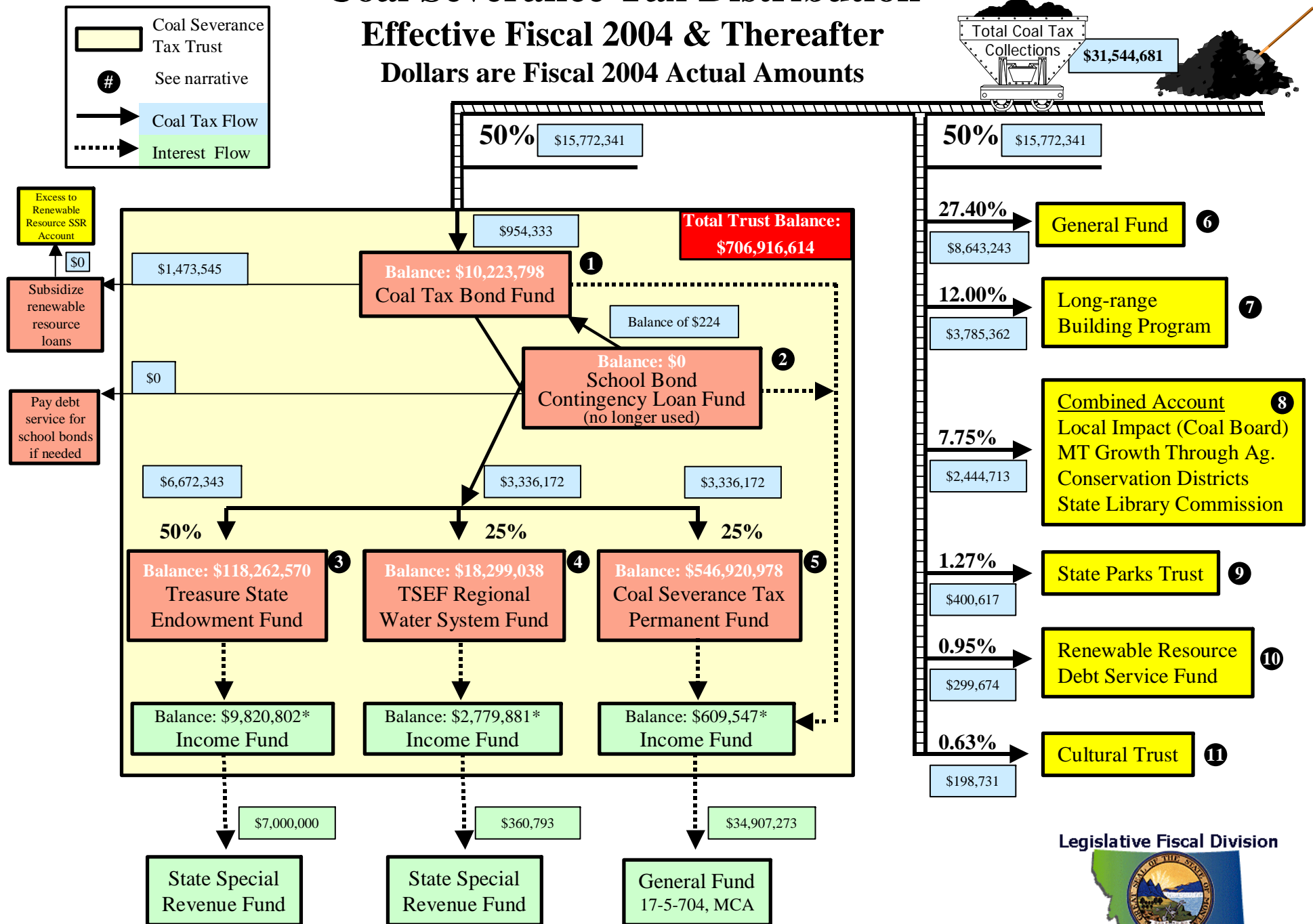
## Coal Severance Tax Percentage Allocations



# Coal Severance Tax Distribution

Effective Fiscal 2004 & Thereafter

Dollars are Fiscal 2004 Actual Amounts



\* Excludes unrealized investment gains and losses

Updated by the LFD  
December 28, 2004

Legislative Fiscal Division



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